

Service Date: June 5, 1985

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

IN THE MATTER Of The Amended	)	
Application Of The MONTANA	)	
POWER COMPANY For Authority	)	UTILITY DIVISION
To Increase Its Short--Term	)	DOCKET NO. 84.11.79
Borrowing For The Balance	)	DEFAULT ORDER NO. 5101a
Of Year 1985.	)	

On May 23, 1985, The Montana Power Company (Applicant) filed with this Commission a verified application requesting authority to amend Order No. 5101 that authorized Applicant to make short-term unsecured borrowings (in the form of promissory notes to banks, term loans, Banker Acceptance drafts, or by such other means as may be deemed advisable) in an amount which, including short-term notes now outstanding, will not, in the aggregate, exceed \$160 Million at any one time outstanding during the period from January 1, 1985 to December 31, 1985.

Applicant is now requesting an amendment to this original order to allow short-term borrowing to be Increased to a revised aggregate amount not to exceed \$200,000,000 outstanding at any one time and that such borrowings shall be in the form of secured or unsecured obligations, including revolving credit agreements. This amended short-term borrowing level would remain in effect through December 31, 1985.

At a session of the Public Service Commission of the state of Montana, held in its offices at 2701 Prospect Avenue, Helena, Montana, on June 2, 1985, there regularly came before the Commission for final action the request in this Docket and the Commission being fully advised in the premises makes the following:

FINDINGS OF FACT

1. The Applicant is a corporation organized and existing the Laws of Montana and is qualified to transact business in Montana.

2. Applicant is engaged in electric and natural gas operations and, as such, is a public utility as defined in Section 69-3-101, MCA.

3. The Commission has jurisdiction over the subject matter of this application, under Sections 69-3-501 through 69-3-507, MCA, inclusive, in that the short-term borrowings and the securities proposed to be issued by Applicant will, in the aggregate, exceed five percent (5%) of the fair market value and/or par value of Applicant's other securities outstanding.

4. Public notice of the application was given by inclusion of the application on the Commission's agenda for May 28, 1985.

5. The proceeds from the short-term borrowings, together with internally-generated funds, will be used to meet the cash requirements of current business transactions pending issuance of long-term securities and may be used to pay down the balance of existing borrowings for the purpose of consolidating its borrowings into a committed bank financing program. These business requirements consist of the temporary financing of the acquisition of property, the construction and improvement of facilities, the maintenance of service, and discharge and lawful refunding of obligations and other lawful purposes of Applicant.

6. The securities to be issued, assumed or guaranteed by the Applicant shall be in the form of secured or unsecured obligations in varying denominations, principally in the following forms: (1) notes payable to commercial banks; (2) term loans with commercial banks and others; (3) Banker Acceptance drafts; (4) Revolving Credit Agreements; (5) Term Loan Agreements; and (6) such other forms of short-term borrowings as may be deemed advisable by Applicant.

7. Arrangements will be made for bank loans to be evidenced by promissory notes with commercial banks or others. Term loans with commercial banks or others and short-term borrowing arrangements will be made on such conditions as may be deemed advisable at the time of issuance. Expenses in connection with the making of such short-term borrowings have

been estimated not to exceed \$10, 000.00.

8. Applicant plans to issue long-term securities, the proceeds of which will be used to retire the short-term borrowings made or to be made under this Application. The type, amount, timing and method of sale of such securities has not yet been fully determined.

9. Applicant furnished complete financial and statistical data with its Application, in accordance with developed practice of the Commission. The Application sets forth a certified copy of the appropriate corporate resolution pertaining thereto.

### CONCLUSION OF LAW

The securities transactions proposed by the Applicant, as hereinafter authorized, will be for a lawful purpose and are consistent with the public interest; that same are necessary or appropriate for and consistent with the proper performance by Applicant of service as a public utility; and that the aggregate amount of the securities outstanding and proposed to be outstanding will not exceed the fair value of the properties and business of the Applicant.

### ORDER

The Application of The Montana Power Company for authority to amend Order No. 5101 allowing Applicant to increase its short-term borrowing limit from \$160 million to \$200 million at any one time during the period from and including January 1, 1985 through and including December 31, 1985, and in the manner as set forth above and in the Application, the secured or unsecured short-term borrowings to be evidenced by promissory notes with commercial banks or others, by term loans with commercial banks or others, banker acceptance drafts, revolving credit agreements, and by such other borrowing arrangements, which shall be on the most favorable terms The Montana Power Company can negotiate depending on the varying borrowing conditions from time to time, be, and the same are approved.

In accordance with Section 69-3-507, MCA, neither the issuance of securities by Applicant pursuant to the provisions of this Order, nor any other act or deed done or performed in connection therewith, shall be construed to obligate the State of Montana to pay or guarantee, in any manner whatsoever, any security authorized, issued, assumed or guaranteed hereunder.

Issuance of this Order does not mean acceptance of the Applicant's exhibits or other material accompanying the Application for any other purpose other than the issuance of this Order.

DONE IN OPEN SESSION, at Helena, Montana, this 3rd day of June, 1985 by a 5-0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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Clyde Jarvis, Chairman

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John B. Driscoll, Commissioner

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Tom Monahan, Commissioner

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Howard L. Ellis, Commissioner

ATTEST:

Trenna Scoffield  
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.

I have voted to approve Montana Power Company's request to increase its short term borrowings to a ceiling of \$200,000,000 with great reluctance. My concern stems from the fact that this is in effect a blank check, which can be converted to a rate increase at some future date. Once the amount is committed by Montana Power Company, there is absolutely no control as to its use. It can, for example, be used to fund common equity dividends and then be converted to long term debt. As long term debt, it would of course be serviced through rates. I intend at the earliest possible date to initiate an investigation into the entire subject of the use of capital by utilities in order to determine if this is the time when regulatory agencies must depart from the historical acceptance of the use of capital.

Tom Monahan